



# Department of Justice

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## **JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN UNITEDHEALTH GROUP'S ACQUISITION OF SIERRA HEALTH SERVICES**

### ***Divestiture in Las Vegas Preserves Competition for Medicare Advantage Plans Sold to Senior Citizens***

WASHINGTON – The Department of Justice announced today that it will require UnitedHealth Group Inc. (United) and Sierra Health Services Inc. (Sierra) to divest assets relating to United's Medicare Advantage business in the Las Vegas area in order to proceed with United's acquisition of Sierra. The Department said that the transaction, as originally proposed, would have created a combined company controlling 94 percent of the Medicare Advantage health insurance market in the Las Vegas area and resulted in higher prices, fewer choices, and a reduction in the quality of Medicare Advantage plans purchased by senior citizens in the Las Vegas area.

The Department's Antitrust Division filed a civil antitrust lawsuit today in the U.S. District Court for the District of Columbia to block the proposed acquisition. At the same time, the Department filed a proposed settlement that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

Individuals eligible for Medicare, primarily senior citizens, may elect to enroll in a privately provided Medicare Advantage plan instead of traditional Medicare. In establishing the Medicare Advantage program, Congress intended that vigorous competition among private Medicare Advantage insurers would lead insurers to offer seniors more affordable benefits, provide a wider array of health insurance choices, and be more responsive to the demands of seniors. As a result, Medicare Advantage plans offer affordable rates, coverage, and benefits not available through traditional Medicare. Approximately 82,000 people in Clark and Nye counties, which make up the Las Vegas area, are currently enrolled in Medicare Advantage plans, accounting for approximately \$840 million of annual commerce.

The original transaction would have eliminated competition between United and Sierra, the first and second largest sellers of Medicare Advantage plans in the Las Vegas area, allowing United to increase prices and reduce the quality of Medicare Advantage plans sold to seniors in the Las Vegas area, the Department said. Under the proposed settlement, United must promptly divest most of its assets relating to its Medicare Advantage business in the Las Vegas area. The Department has tentatively approved Humana Inc. as the acquirer, and United must first attempt to sell the assets to Humana before selling to another purchaser.

“This divestiture ensures that senior citizens and others will continue to benefit from competition between sellers of Medicare Advantage products,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division. “We are committed to preserving competition in the health insurance industry because this competition spurs insurers to lower prices, enhance services, and offer innovative new products.”

Under the terms of the proposed settlement, current enrollees of United’s Medicare Advantage plans will continue to have substantially the same access to providers, including doctors, hospitals, and other medical services, after the divestiture as before.

The Justice Department worked closely with the Nevada Attorney General’s office in its investigation of the United-Sierra merger. Today, the state of Nevada announced its own settlement with United and Sierra. “This is another example of close cooperation between the Department’s Antitrust Division and state antitrust officials resulting in an outcome that protects competition and benefits consumers,” said Barnett.

UnitedHealth Group Inc., the largest health insurer in the United States, is a Minnesota corporation headquartered in Minnetonka, Minn. In 2007, United reported revenues of approximately \$75 billion.

Sierra Health Services Inc., the largest health insurer in the Las Vegas area, is a Nevada corporation headquartered in Las Vegas. In 2007, Sierra reported revenues of \$1.9 billion.

As required by the Tunney Act, the proposed settlement and the Department’s competitive impact statement will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Joshua H. Soven, Chief, Litigation I Section, Antitrust Division, U.S. Department of Justice, 1401 H Street N.W., Suite 4000, Washington, D.C. 20530, 202-307-0001. At the conclusion of the 60-day comment period, the court may enter the proposed consent decree upon a finding that it serves the public interest.

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